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STATISTICAL BULLETIN

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The Conference Board

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COMMENT

July and August are supposed to be the lazy, hazy days of Summer. The economic outlook is certainly as hazy as ever but the economic news, upon which the forecasts are based, has been anything but lazy this Summer. Revised National Income Accounts show that more economic growth was generated throughout the first half of 1984 than most economy-watchers had anticipated—especially in view of the runup in the prime interest rate, from 11½% at the beginning of the year to 13% at mid-year. All that expansion, however, did nothing to disturb a very restful inflation rate. Obviously, high interest rates were not so high as to constrain business from expanding at a very rapid pace—at least not yet. Just as obviously, business activity was able to grow sharply without setting off a new inflationary spiral. Of course, the *Economic Forecasts* have been saying for some time now that inflation would not take off in 1984 or 1985 (see the accompanying charts). The financial markets have been leery of accepting this perceived wisdom, given the growth rate of money, the huge Federal Government deficits, and other factors. There is some evidence, however, that inflation expectations have finally begun to subside this Summer.

Prices are not rising very fast because the dollar is very strong, because food and other commodity prices remain stable, and, perhaps most importantly, because unit labor costs remain subdued. The trade-weighted average *Exchange Rate* of the dollar against other major currencies was 124.1 (1980-1982 = 100) in July, or 24% higher than its base-period value. The dollar was roughly 10% below this base-period value through most of 1979 and 1980. It has subsequently risen a dramatic 35% over the past 3½ years. Commodity prices, which typically fall during recessions but recover lost ground after the economy starts expanding again, have been restrained by the high value of the dollar. The imported price of oil, for example, fell to $29 a barrel in 1981, and has not changed since then. In fact, due in part to a strong dollar and some excess of production over demand, the price of oil may be reduced by about $2 a barrel this Fall. Moreover, the food component of the producer price index rose in July for the first time since March. Crop production appears to be high enough this season to keep food price increases from fueling any acceleration in consumer prices for at least the second half of this year.

The best hope for preventing an acccleration of inflation lies in avoiding an acceleration in cost increases. That will require maintaining a rising productivity trend and sticking to a moderate rate of employee compensation. As indicated on the *Key Determinants of Profit Margins* chart, output per hour in the nonfinancial corporate sector recovered quickly once the economy began expanding again in the last few months of 1982. The labor productivity measure continued to rise at about a 3½% annual rate in the first half of this year. The chart also shows that the rise in compensation per hour slowed from about a 10% annual rate in 1980 to something closer to 4% in the first half of this year. The rate of increase in unit labor costs, then, declined from over 10% to a surprisingly low 2% over this same period. This slowing in production costs explains a good deal of the drop in the rate of price increases.

In the past, the gains in compensation typically began to speed up, and increases in labor productivity became more difficult to achieve, as the economic expansion matured. Prices, consequently, began to rise faster, due to higher production costs. It would not be cause for alarm, then, if compensation gains quickened a little, or if productivity gains slowed a bit as this economic expansion passes its second anniversary this Fall. If the rise in compensation remains below 7%, and the gain in productivity does not fall below 1½%, unit labor cost will not begin to rise by more than 6%, and, presumably, neither will prices.

The *Economic Forecasts* indicate that the GNP deflator, which rose by a seasonally adjusted 3.2% annual rate in the second quarter of 1984, is only rising by about 3.6%—median of the forecasts—in the current quarter. The median forecast of inflation remains close to 5% through 1985, and quickens to just under 6% in the first three quarters of 1986 (forecast horizon).

Why should short-term interest rates remain high, and rise a little, when inflation remains subdued and prospects look good for continued low inflation? The most likely answer is that the short-term rates reflect concern about high Federal Government deficits, and the dim prospects for reducing deficits once the Administration and Congress get past the November elections. Revised data on the *Perspective on the Federal Budget* table show that the Administration now projects spending is exceeding revenues by about $170 billion in this fiscal year, and by about the same amount in fiscal 1985 (which begins on Oct. 1, 1984). Congressional estimates of the deficit for these two fiscal years are comparable.

Absent changes in the tax structure or in spending patterns, deficits might actually widen (congressional estimates) or only decline very slowly (Administration estimates) after fiscal 1985. Deficits of that magnitude,

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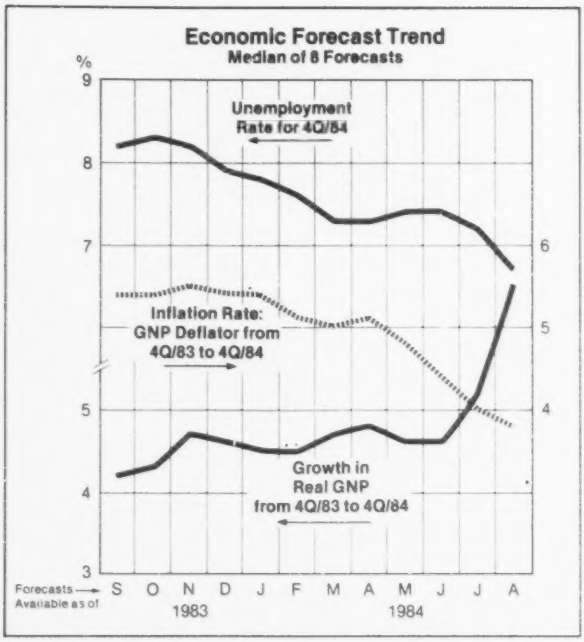


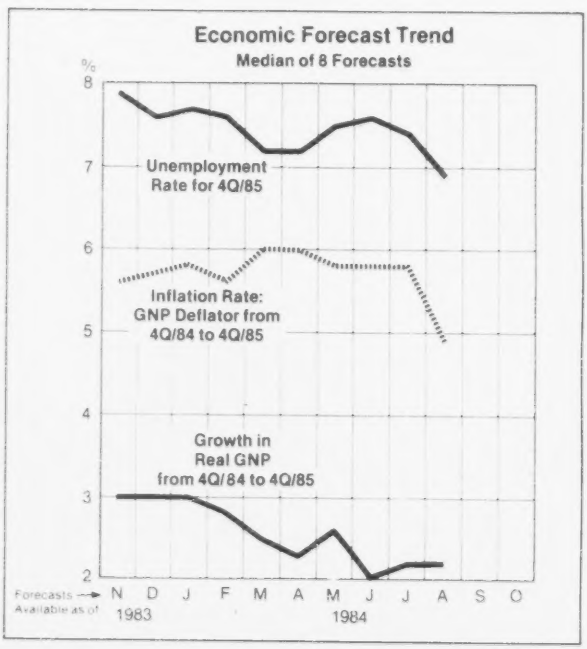
stretching that far into the future, raise the spector of a sustained crush of public and private credit demand in relation to its supply. Wall Street lit up like a firecracker in July when the Federal Reserve Chairman testified that a strong economic expansion, that had not ignited any renewed inflation spiral, did not warrant further tightening of monetary policy. However, the Fed has also announced growth targets for the money aggregates for the period from November, 1984, to November, 1985. These new targets lop a full percent off the top end of the ranges now in effect. Thus, while no tightening of policy is contemplated, no retreat from the current, relatively disciplined monetary stance is in store—even if short-term interest rates should move up a bit.

While the prime interest rate remained at 13.5% in July, other short rates rose a bit but some longer-term rates declined. The Federal Funds rate—the rate at which banks borrow from other banks—rose from about 11% at the beginning of July to about 11.5% at the end of that month. Conversely, the rate on 5-year Treasury securities declined from about 13½% to 13% in the same period. Longer-term interest rates would not be declining, and the yield curve (essentially the difference between the short- and long-term interest rates) would not be flattening, unless lenders were becoming less nervous about any potential runup in inflation. The implication in the financial market moves this Summer seems to be that inflationary expectations of the market participants have been lowered. That, in turn, suggests that a peak in long-term interest rates may have already been reached, even if growth in economic activity should turn sluggish for a short while next year.

Even if the long rates have peaked, there is no reason to suspect that the very high short-term interest rates have likewise topped out. Those high borrowing rates, the big trade deficit, and the high value of the dollar are all barriers to sustained strong economic growth. Thus, while the news reports and developments this Summer gave rise to a substantial reappraisal of growth prospects for this year, no such revaluation of prospects for next year has occurred. The accompanying chart shows that the median forecast for real output growth from the fourth quarter of 1983 to the fourth quarter of 1984 has been revised upward from 4.6% only two months ago to a current expectation of 6.5 percent. On the other hand, two months ago, the *Economic Forecasts* indicated that growth would slow in the succeeding 4-quarter span to only about 2% and, as indicated on the chart, subsequent developments have not produced much change in that 1985 growth estimate.

The strong expansion in the first half of this year generated a big surge in new employment. The unemployment rate, consequently, declined from 7.8% in February, to 7.5 percent. The *Conference Board's Help-wanted Index* rose sharply in June to 134 (1967 = 100), and early returns indicate that it may have risen another 3 or 4 points in July. This measure of labor demand is pointing to continued labor-market improvement in the second half of 1984. The current *Economic Forecasts* show that the national unemployment rate might fall to 6.7% by the fourth quarter of this year; two months earlier, they did not expect to see it drop below 7½% by that time. However, sluggish growth prospects next year imply that the unemployment rate may not drop below 6.7% in all of 1985.

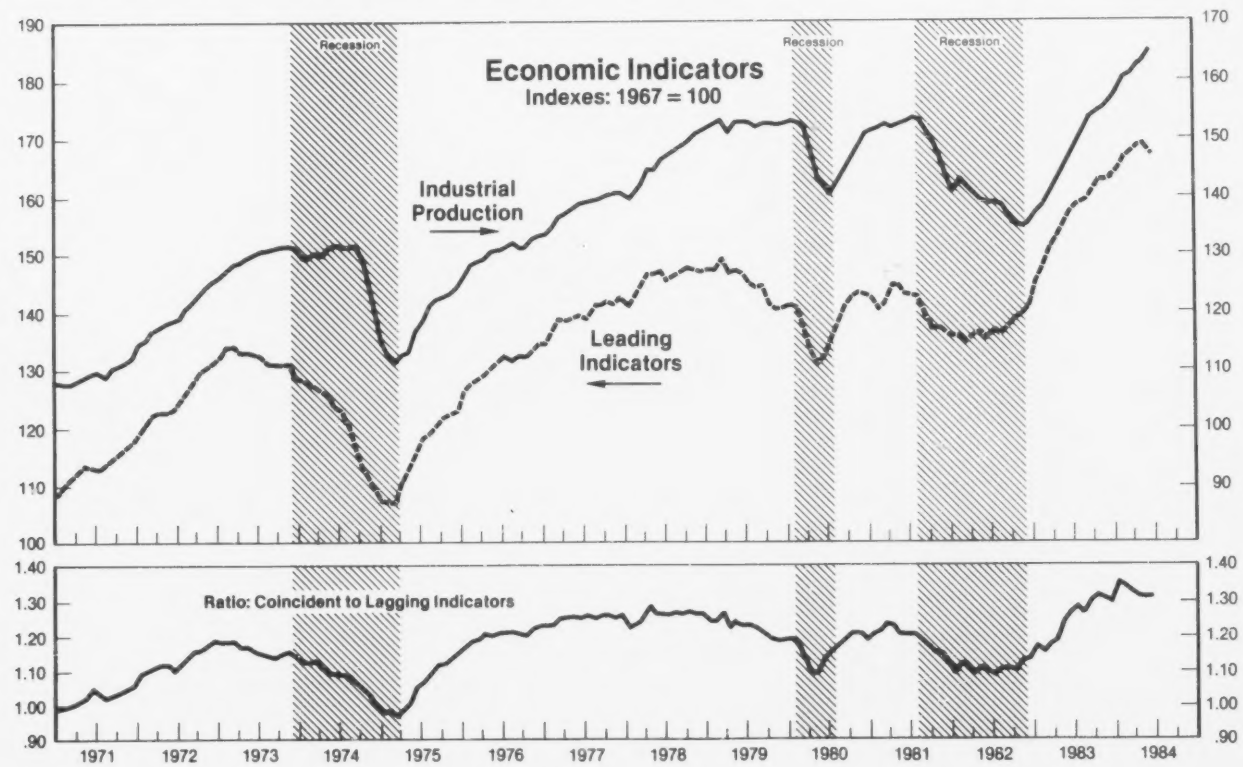
Ken Goldstein
Aug. 10, 1984



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	June		X		— 0.1%	+ 6.4%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	June		X		— 0.8%	+ 10.8%
New orders, nondefense capital goods (deflated)	June		X		— 0.3%	+ 11.2%
*New business formation	June			X	— 1.5%	— 0.5%
*Housing permits	June		X		+ 2.4%	+ 0.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	June			X	— 3.5%	+ 6.9%
*Change in inventory, on hand & order (deflated)	May		X		+ 8.9%	+ 36.0%
Purchasing agents' buying policy	July			X	— 6 %	+ 14 %
*Vendor performance, reported slower deliveries	June		X		— 1 %	+ 5 %
Industrial raw materials prices	July			X	— 3.0%	+ 9.7%
*Change in sensitive material prices	June			X	— 0.5%	— 1.0%
Sensitive Financial Flows						
*Money balance (M2 deflated)	June	X			+ 1.0%	+ 3.0%
Change in business loans	June	X			—61.1%	+ 55.1%
*Change in credit outstanding	May	X			+ 11.5%	+ 30.9%
Change in consumer installment debt	May	X			+ 43.5%	+ 95.5%
Profitability						
Total corporate profits, after tax (deflated)	1st Q	X			+ 6.9%	+ 45.2%
*Common stock prices	July			X	— 4.3%	— 9.6%
Marginal Employment Adjustments						
*Average workweek, mfg.	July			X	— 0.5hr	+ 0.4hr
*Initial unemployment claims (inverted)	July		X		+ 0.5%	+ 5.8%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



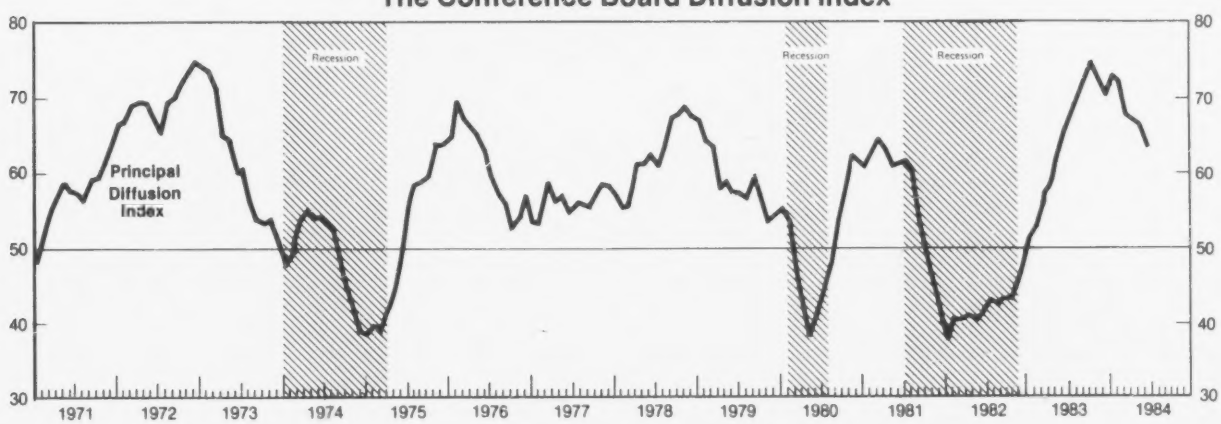
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1983 June	1984 Mar.	Apr.	May.	June(e)
Principal Diffusion Index	65.6r	67.8r	67.1r	66.3r	63.4
Auxillary Diffusion Index	62.6r	40.3r	47.6r	47.5r	40.5
Industrial Group	67.3	74.9	69.3r	67.1r	63.6
Nonindustrial Group	64.0r	60.8r	64.9r	65.5r	63.2
Sense of Diffusion	1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	67.9	61.3	56.0	51.1r	46.6
Labor	65.9	78.1	75.3	75.4	72.3
Miscellaneous	69.9	87.2	74.4	70.5	67.3
Nonindustrial Subgroups					
Prices	64.1	63.5	69.2	66.7	56.4
Consumer	77.8	68.8	73.1	76.9	75.6
Building	51 9	60.3	66.0	63.5r	69.2
Miscellaneous	58.1r	51.3r	53.0r	54.7	51.3

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1981	*1982*				*1983*				*1984*	
	Nov.	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*
	Score (scale 0-100)										
Measure of Business Confidence	43	47	52	55	60	70	76	75	74	70	65
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	26	23	30	38	44	65	76	82	80	76	75
2. Expectations for Economy, Six Months Ahead	51	59	64	65	70	76	78	74	73	67	60
Expectations for Own Industry, Six Months Ahead	52	58	61	61	65	70	72	69	70	67	61

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

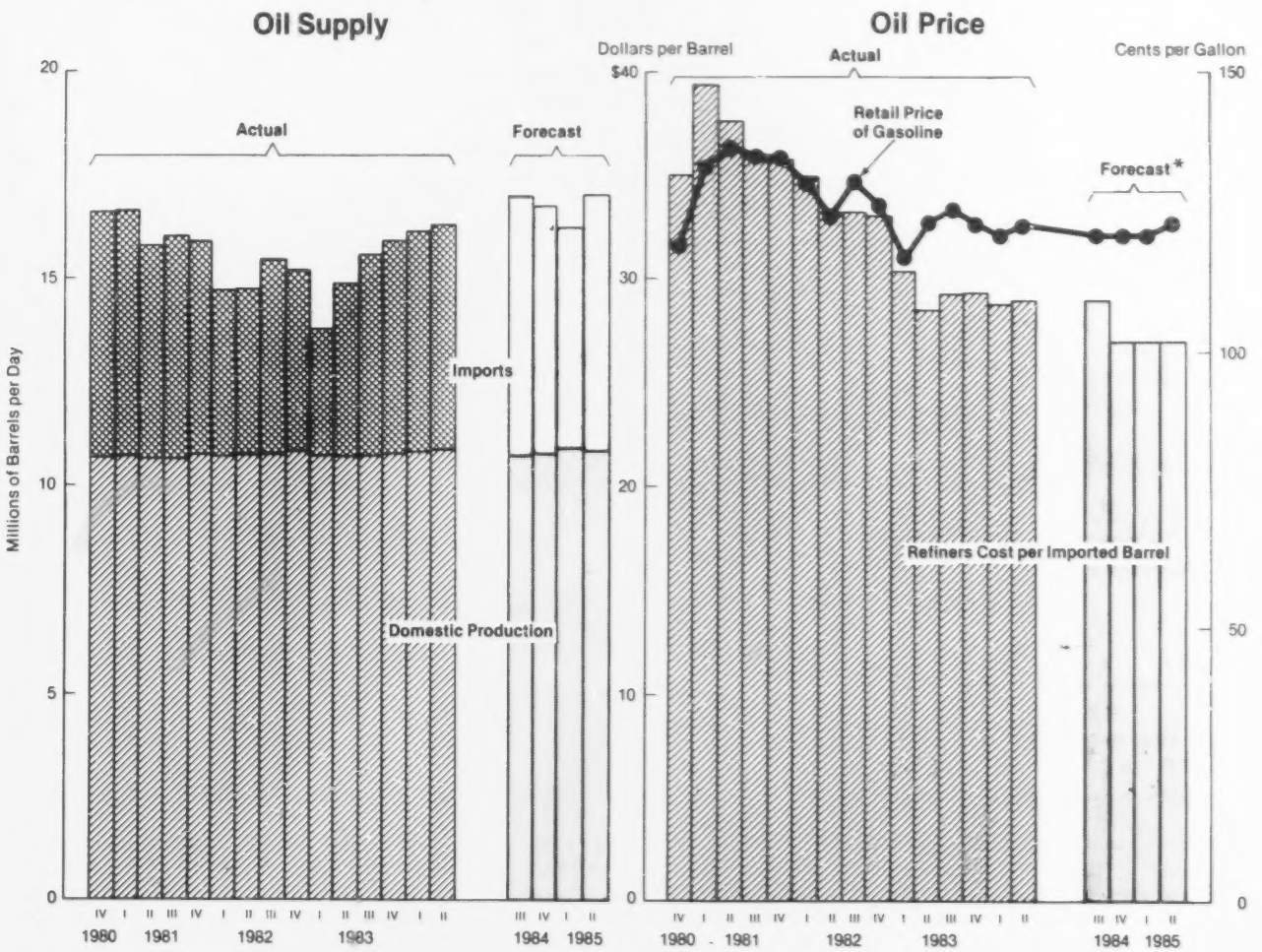
	1982		1983				1984	Percent Change From Previous Year		
	III	IV	I	II	III	IVr	Ip	1982 Actual	1983 Actual	1984 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	18.439	21.488	20.176	20.633	22.200	25.170	27.880	-18	1	17
Capital expenditures	23.991	22.887	18.841	18.643	18.072	20.033	19.585	- 3	-23	25
Change in appropriations backlog*	-8.726	-3.395	-0.716	+1.121	+1.008	+1.503	+6.330			
Durable Goods										
New appropriations	7.724	8.238	8.197	9.453	8.843	11.331	13.927	-24	17	6
Capital expenditures	9.684	8.949	7.918	7.655	7.594	8.919	8.620	- 7	-19	31
Change in appropriations backlog*	-4.556	-1.351	-0.606	+1.291	+0.929	+1.112	+4.306			
Nondurable Goods										
New appropriations	11.215	13.250	11.979	11.180	13.357	13.839	13.953	-14	-9	25
Capital expenditures	14.307	13.938	10.923	10.988	10.478	11.114	10.965	0	-26	21
Change in appropriations backlog*	-4.170	-2.044	-0.110	-0.170	+0.079	+0.391	+2.024			
ELECTRIC & GAS UTILITIES										
New appropriations	10.624	9.939	7.664	6.713	5.771	7.200	5.338			
Capital expenditures	8.905	9.384	9.041	9.292	9.043	8.366	8.703			
Change in appropriations backlog*	+0.504	-4.709	-4.812	-7.024	-3.925	-3.758	-4.832			

Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request.

r—revised p—preliminary

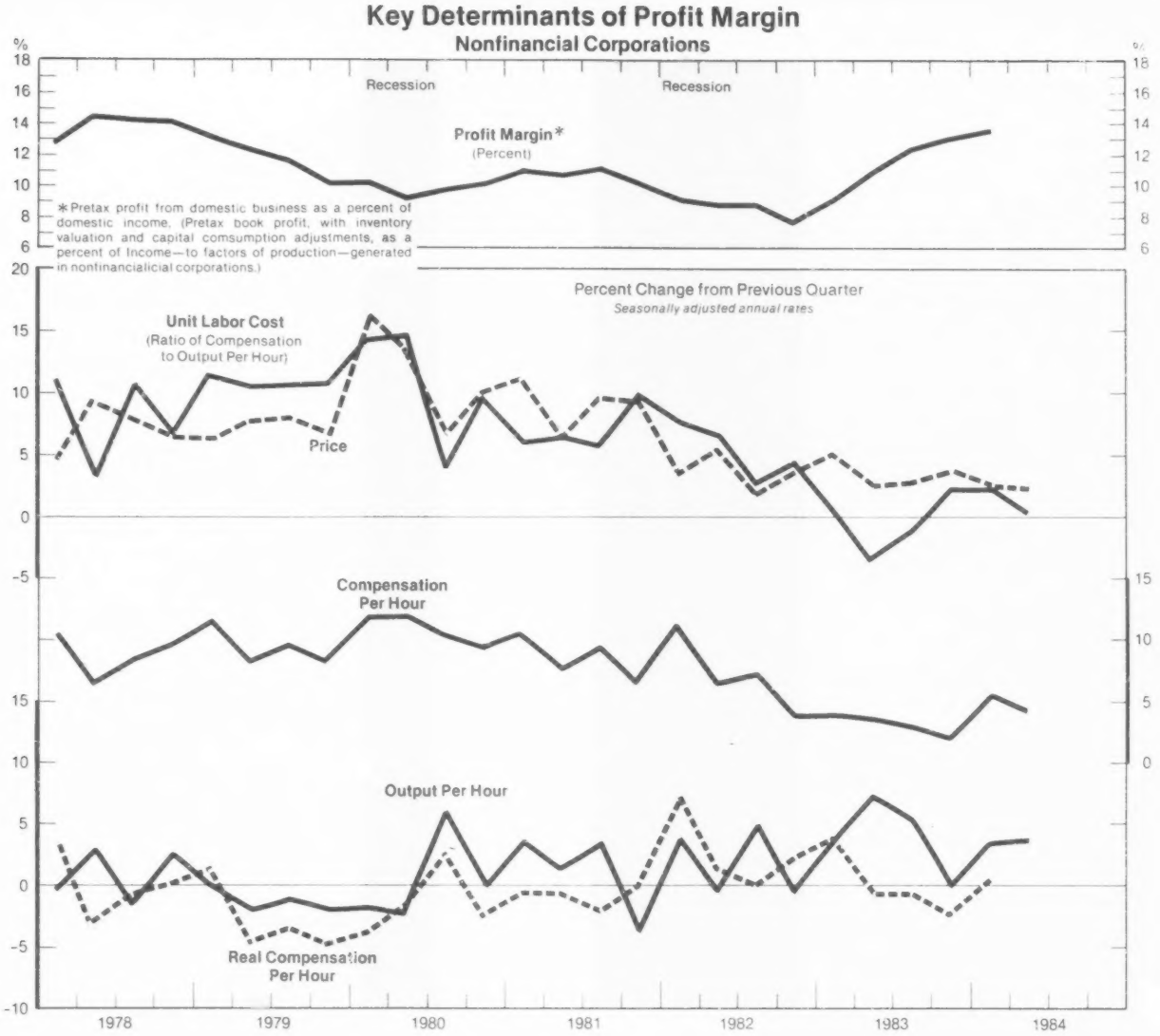
* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments).

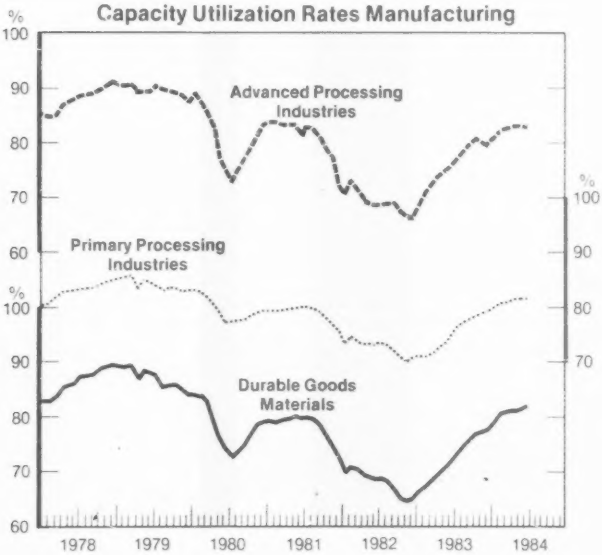
** Results based on survey respondents' expectations.



*Source: of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[1]		Merrill Lynch Economics Inc.[1]		E.I. duPont de Nemours & Co.[1]		Georgia State University[1]	
Date of Forecast			*July, 1984*		*July, 1984*		*July, 1984*		*July, 1984*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1984**	**II**	**$3646.4**	**10.9%**	**$3646.4**	**10.9%**	**$3646.4**	**10.9%**	**$3646.4**	**10.9%**
		III	3732.2	9.7	3723.5	8.7	3709.4	7.1	3725.3	8.9
		IV	3806.7	8.2	3792.7	7.6	3764.2	6.0	3791.8	7.3
	1985	I	3884.3	8.4	3857.5	7.0	3825.8	6.7	3878.7	9.5
		II	3942.6	6.1	3943.1	9.2	3920.8	10.3	3952.1	7.8
		III	4008.3	6.8	3987.5	4.6	4016.9	10.2	4028.8	8.0
		IV	4089.8	8.4	4047.2	6.1	4118.9	10.6	4109.1	8.2
	1986	I	4176.9	8.8			4195.9	7.7	4196.1	8.7
		II	4271.1	9.3			4289.8	9.3	4281.0	8.3
		III	4368.6	9.4			4366.8	7.4		
	1984	Annual	3684.7	11.5	3679.0	11.3	3668.3	11.0	3679.2	11.3
	1985	Annual	3981.3	8.0	3958.8	7.6	3970.6	8.2	3992.2	8.5
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1984**	**II**	**$1640.2**	**7.5%**	**$1640.2**	**7.5%**	**$1640.2**	**7.5%**	**$1640.2**	**7.5%**
		III	1663.3	5.8	1661.0	5.2	1656.0	3.9	1661.3	5.2
		IV	1680.1	4.1	1674.6	3.3	1666.0	2.4	1671.2	2.4
	1985	I	1694.8	3.5	1683.4	2.1	1678.0	2.9	1686.9	3.8
		II	1702.7	1.9	1699.1	3.8	1701.0	5.6	1699.0	2.9
		III	1711.9	2.2	1696.3	-0.7	1724.0	5.5	1711.4	3.0
		IV	1723.6	2.8	1700.7	1.0	1749.0	5.9	1723.5	2.9
	1986	I	1736.7	3.1			1763.0	3.2	1732.9	2.2
		II	1751.4	3.4			1780.0	3.9	1743.9	2.6
		III	1766.3	3.4			1786.0	1.4		
	1984	Annual	1648.6	7.4	1646.7	7.3	1643.3	7.1	1645.9	7.2
	1985	Annual	1708.3	3.6	1694.9	2.9	1713.0	4.2	1705.2	3.6
Gross National Product deflator Index, 1972 = 100										
Actual	**1984**	**II**	**222.3**	**3.2%**	**222.3**	**3.2**	**222.3**	**3.2%**	**222.3**	**3.2%**
		III	224.4	3.8	224.2	3.4	224.0	3.1	224.2	3.5
		IV	226.6	4.0	226.5	4.2	225.9	3.5	226.9	4.8
	1985	I	229.2	4.7	229.1	4.8	228.0	3.7	229.9	5.5
		II	231.5	4.2	232.1	5.2	230.5	4.5	232.6	4.7
		III	234.1	4.6	235.1	5.3	233.0	4.4	235.4	4.9
		IV	237.3	5.5	238.0	5.0	235.5	4.4	238.4	5.2
	1986	I	240.5	5.5			238.0	4.3	242.1	6.4
		II	243.9	5.7			241.0	5.1	245.5	5.6
		III	247.3	5.8			244.5	5.9		
	1984	Annual	223.5	3.8	223.4	3.8	223.2	3.7	223.5	3.8
	1985	Annual	233.0	4.3	233.6	4.6	231.7	3.8	234.1	4.7
Unemployment Rate										
Actual	**1984**	**II**	**7.5%**		**7.5%**		**7.5%**		**7.5%**	
		III	6.9		7.3		7.1		7.3	
		IV	6.6		7.0		6.8		7.0	
	1985	I	6.5		7.1		6.7		6.8	
		II	6.5		7.3		6.6		6.6	
		III	6.6		7.5		6.5		6.6	
		IV	6.7		7.6		6.4		6.7	
	1986	I	6.8				6.4		6.6	
		II	6.8				6.3		6.6	
		III	6.8				6.5			
	1984	Annual	7.2		7.4		7.3		7.4	
	1985	Annual	6.6		7.4		6.6		6.7	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on preliminary second quarter data.

ECONOMIC FORECASTS (continued)

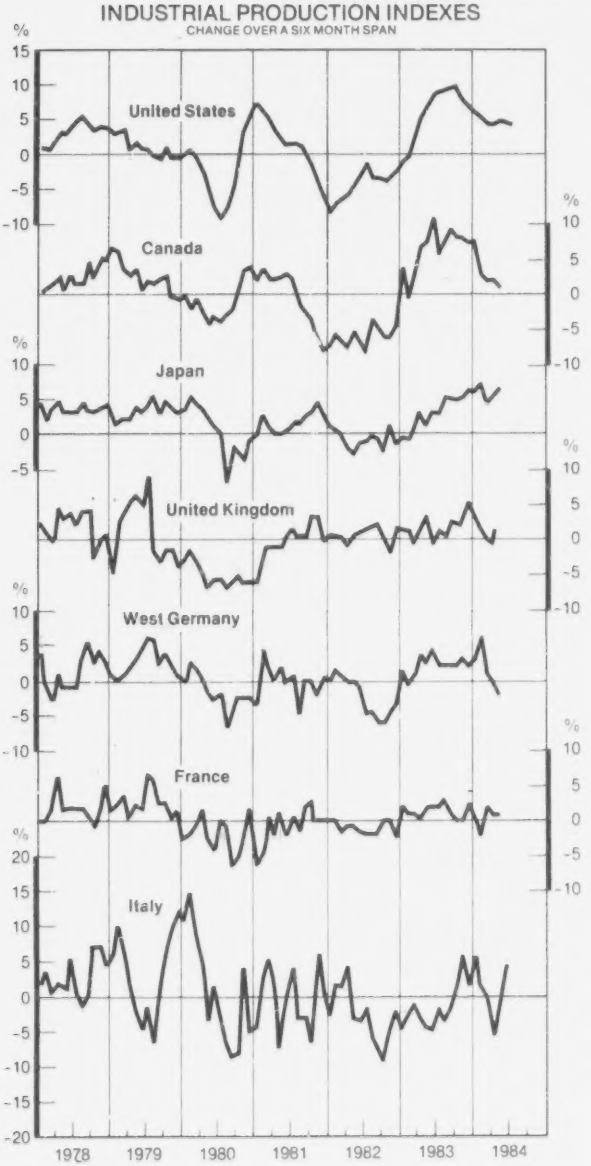
The Conference Board[1]		Chase Econometric Associates, Inc[1].		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
July, 1984		*July, 1984*		*July, 1984*		*July, 1984*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$3646.4	**10.9%**	**$3646.4**	**10.9%**	**$3646.4**	**10.9%**	**$3646.4**	**10.9%**	**II**	**1984**	**Actual**
3726.0	9.0	3730.7	9.6	3728.3	9.3	3730.0	9.5	III		
3794.0	7.5	3809.3	8.7	3796.0	7.5	3814.7	9.4	IV		
3849.0	5.9	3890.2	8.8	3865.4	7.5	3904.0	9.7	I	1985	
3884.0	3.7	3960.7	7.4	3913.0	5.0	3991.4	9.3	II		
3911.0	2.8	4012.3	5.3	3957.7	4.6	4077.8	8.9	III		
3993.0	8.7	4077.8	6.7	4014.2	5.8	4158.6	8.2	IV		
		4160.5	8.4	4081.7	6.9	4212.9	5.3	I	1986	
		4248.8	8.8	4162.1	8.1	4260.1	4.6	II		
		4356.5	10.5	4249.4	8.7	4353.1	9.0	III		
3679.9	11.4	3684.9	11.5	3681.0	11.4	3686.1	11.5	Annual	1984	
3909.3	6.2	3985.3	8.2	3937.6	7.0	4033.0	9.4	Annual	1985	
								Gross National Product Billions of Constant (1972) Dollars		
$1640.2	**7.5%**	**$1640.2**	**7.5%**	**$1640.2**	**7.5%**	**$1640.2**	**7.5%**	**II**	**1984**	**Actual**
1661.2	5.2	1662.1	5.4	1661.7	5.3	1664.7	6.1	III		
1673.3	2.9	1678.1	3.9	1675.8	3.4	1685.9	5.2	IV		
1677.9	1.1	1690.9	3.1	1687.4	2.8	1703.0	4.1	I	1985	
1672.0	-1.4	1700.2	2.2	1691.5	1.0	1718.1	3.6	II		
1667.8	-1.0	1702.1	.4	1693.2	.4	1731.7	3.2	III		
1685.2	4.2	1707.1	1.2	1696.0	.7	1740.4	2.0	IV		
		1717.6	2.5	1703.1	1.7	1737.1	- .8	I	1986	
		1732.9	3.6	1715.2	2.9	1733.1	- .9	II		
		1750.5	4.1	1729.5	3.4	1750.5	4.1	III		
1646.4	7.3	1647.8	7.4	1647.2	7.3	1650.4	7.5	Annual	1984	
1675.7	1.8	1700.1	3.2	1692.0	2.7	1723.3	4.4	Annual	1985	
								Gross Naticnal Product deflator Index, 1972 = 100		
222.3	**3.2%**	**222.3**	**3.2%**	**222.3**	**3.2%**	**222.3**	**3.2%**	**II**	**1984**	**Actual**
224.3	3.6	224.5	3.9	224.4	3.7	224.1	3.2	III		
226.7	4.4	227.0	4.6	226.5	3.9	226.3	4.0	IV		
229.4	4.8	230.1	5.5	229.1	4.6	229.2	5.4	I	1985	
232.3	5.2	233.0	5.1	231.3	4.0	232.3	5.5	II		
234.5	3.8	235.7	4.8	233.7	4.2	235.5	5.6	III		
236.9	4.2	238.9	5.4	236.7	5.1	238.9	6.0	IV		
		242.2	5.7	239.7	5.1	242.5	6.1	I	1986	
		245.2	5.0	242.7	5.1	245.8	5.5	II		
		248.9	6.2	245.7	5.1	248.7	4.8	III		
223.6	3.8	223.6	3.8	223.4	3.8	223.3	3.7	Annual	1984	
233.3	4.3	234.4	4.8	232.7	4.1	234.0	4.8	Annual	1985	
								Unemployment Rate		
7.5%		**7.5%**		**7.5%**		**7.5%**		**II**	**1984**	**Actual**
6.9		6.8		6.9		6.9		III		
6.7		6.6		6.7		6.7		IV		
6.8		6.6		6.6		6.5		I	1985	
7.2		6.7		6.7		6.3		II		
7.5		6.9		7.0		6.1		III		
7.4		7.1		7.2		6.0		IV		
		7.2		7.4		6.5		I	1986	
		7.1		7.5		6.8		II		
		7.0		7.6		7.0		III		
7.3		7.2		7.2		7.2		Annual	1984	
7.2		6.8		6.9		6.2		Annual	1985	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

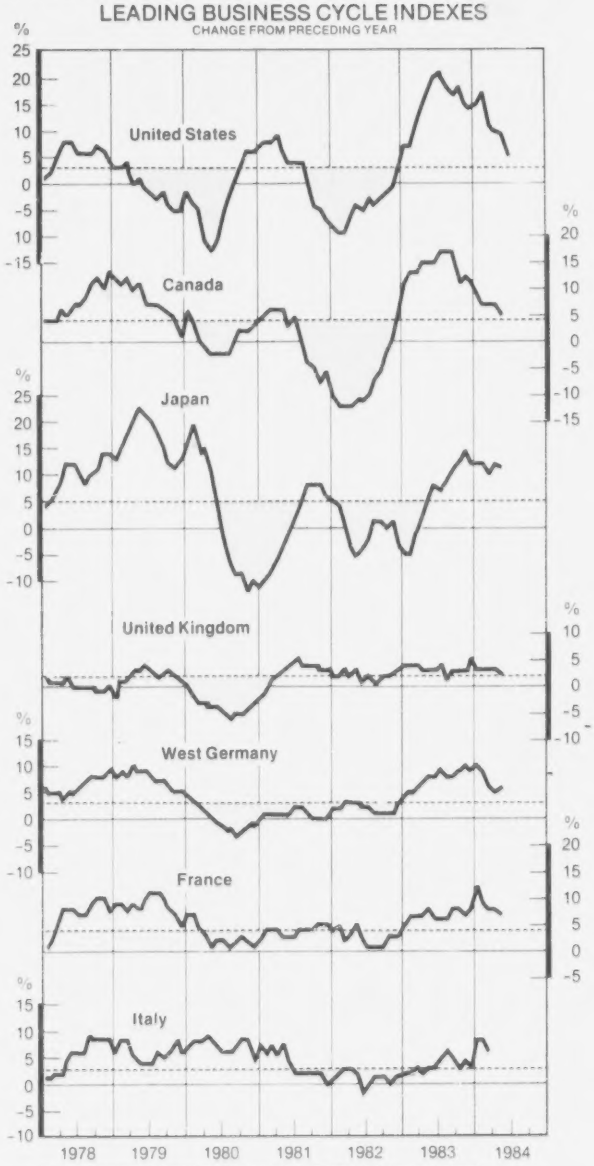
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

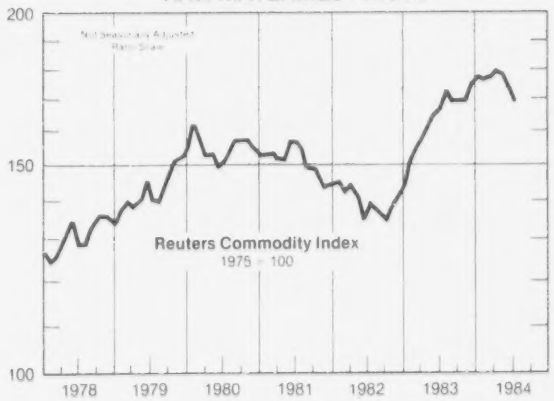
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

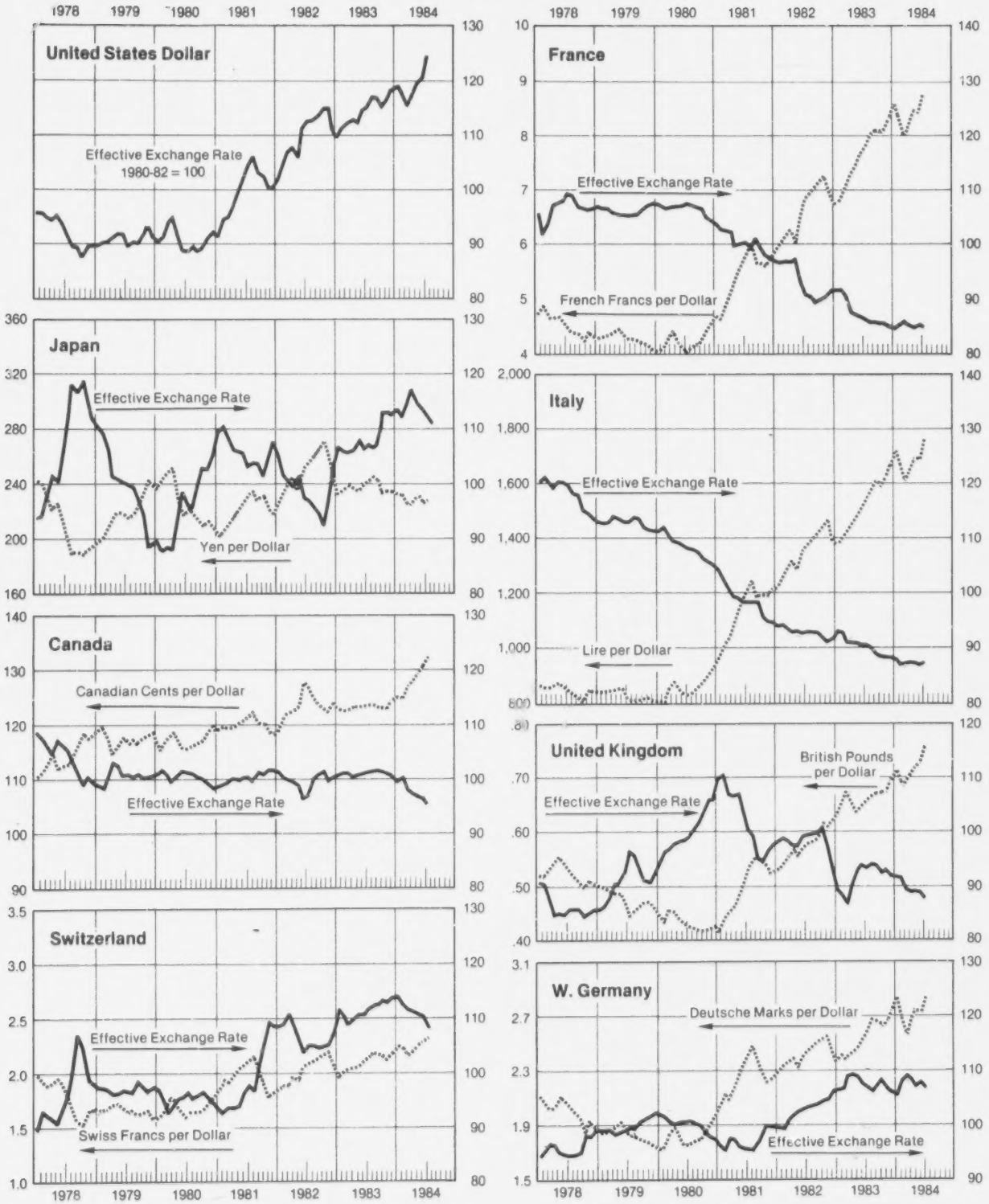
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



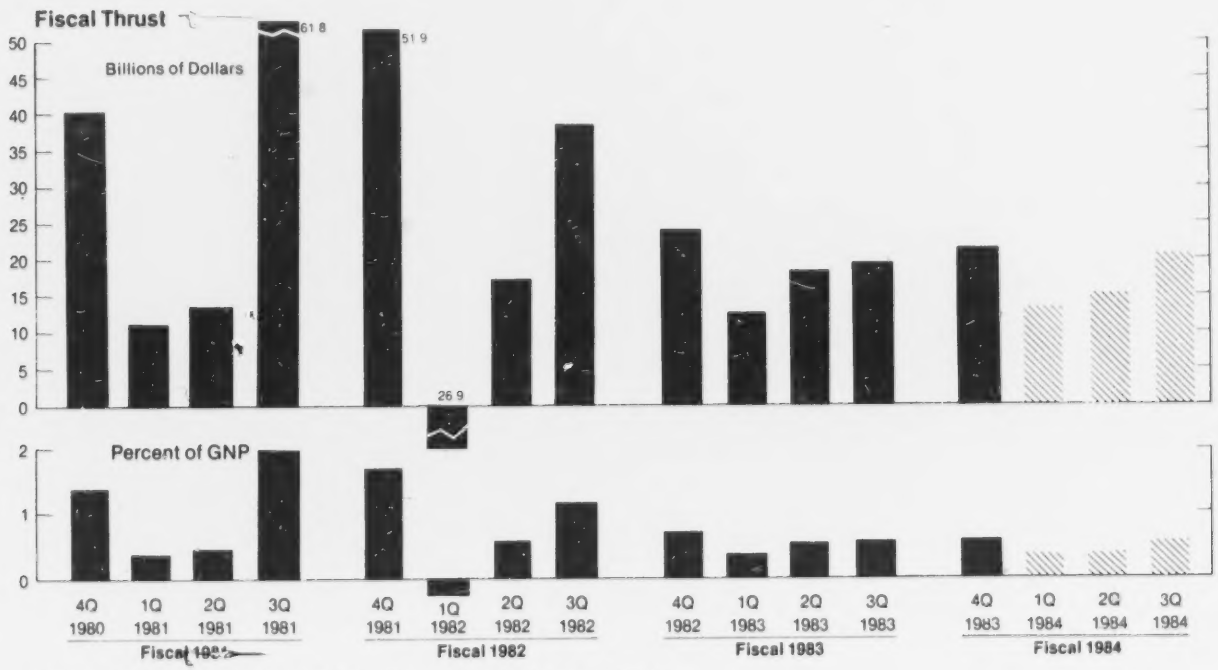
Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

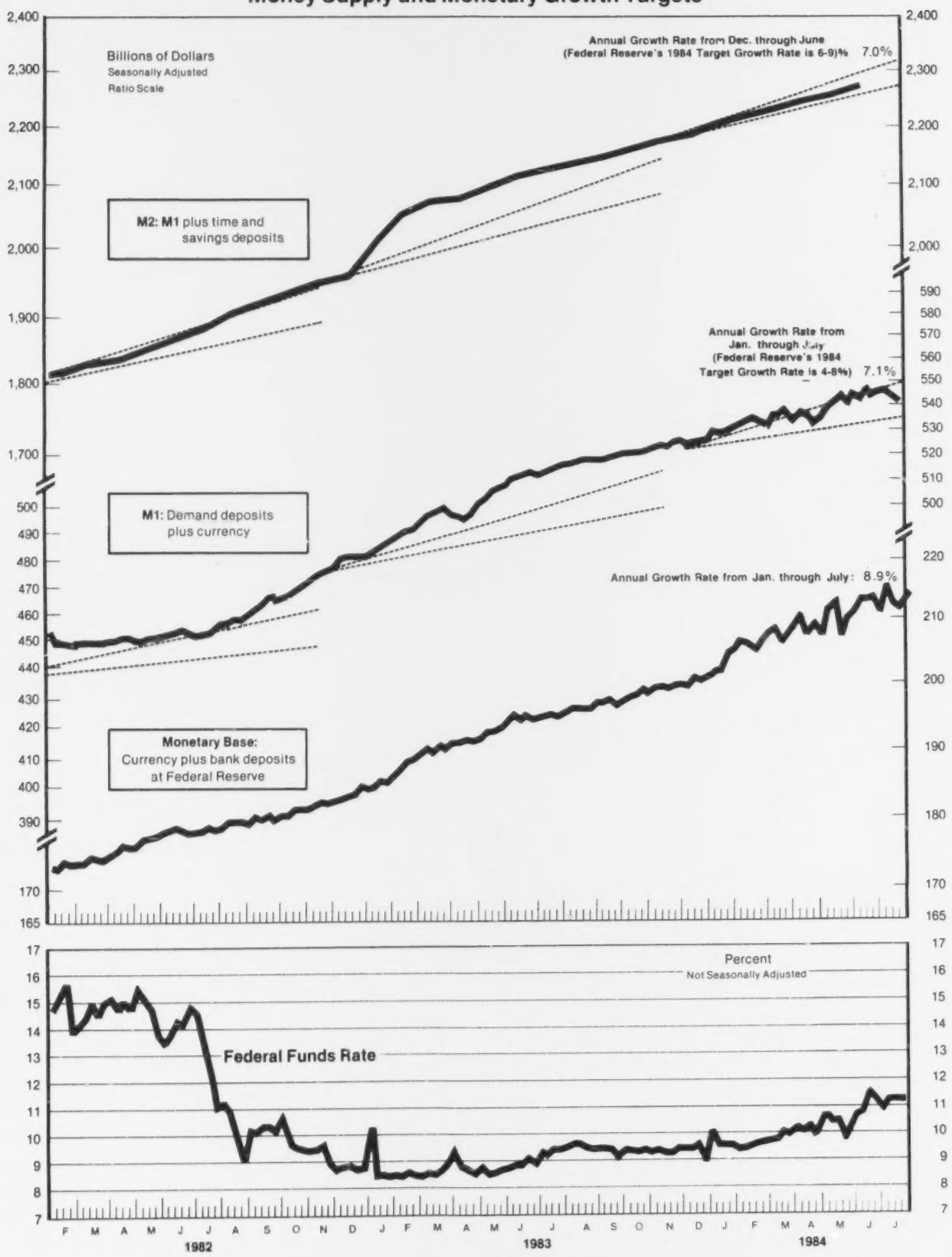
	Fiscal 1983	Fiscal 1984		Fiscal 1985		
	Actual	President's Proposal	Congressional Estimate	Current Service	President's Proposal	Congressional Estimate
	(2/1/84)	(8/14/84)	(8/6/84)	(2/1/84)	(8/14/84)	(8/6/84)
Receipts	**600.6**	**670.7**	**673.0**	**737.3**	**763.8**	**751.0**
Outlays	**796.0**	**845.0**	**845.0**	**944.9**	**930.6**	**929.0**
Deficit	**-195.0**	**-174.3**	**-172.0**	**-207.7**	**-166.9**	**-178.0**
Receipts by source	**600.6**	**670.7**	**673.0**	**737.3**	**763.8**	**751.0**
Individual income taxes	288.9	299.5		323.4	341.8	
Corporate income taxes	37.0	59.0		75.5	74.3	
Social insurance	209.0	241.2		269.0	271.5	
Other receipts	65.7	71.1		69.4	76.2	
Outlays by function	**796.0**	**845.0**	**845.0**	**944.9**	**930.6**	**929.0**
National defense	209.9	233.6		284.2	266.2	
Social security and medicare	223.3	237.8		261.4	258.1	
Income security	122.2	95.2		116.9	110.3	
Health	28.7	30.6		34.4	33.8	
Education and manpower	26.6	28.2		29.0	29.4	
Transportation	21.4	25.1		27.4	26.9	
Veterans' benefits	24.8	25.9		26.6	26.7	
International affairs	9.0	12.6		14.1	17.2	
Agriculture	22.2	10.2		14.3	15.1	
National resources and environment	12.7	12.2		11.8	11.6	
General science	7.7	8.2		8.4	8.7	
Community development	6.9	7.3		7.7	7.7	
Revenue sharing	6.5	6.7			6.5	
Justice	5.1	5.9		6.2	6.2	
General government	4.8	5.3		5.7	5.6	
Energy	4.0	2.4		3.4	2.8	
Commerce and housing credit	4.4	4.6		1.6	0.3	
Interest	89.8	109.4		117.9	130.2	
Allowances				1.5	1.0	
Undistributed offsetting receipts	-34.0	-16.2		-34.6	-33.8	

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81-3), The Conference Board, New York, 1980.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Dec. through June
(Federal Reserve's 1984 Target Growth Rate is 6-9)% 7.0%
M2: M1 plus time and savings deposits
Annual Growth Rate from Jan. through July
(Federal Reserve's 1984 Target Growth Rate is 4-8%) 7.1%
M1: Demand deposits plus currency
Annual Growth Rate from Jan. through July: 8.9%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J
1982
1983
1984

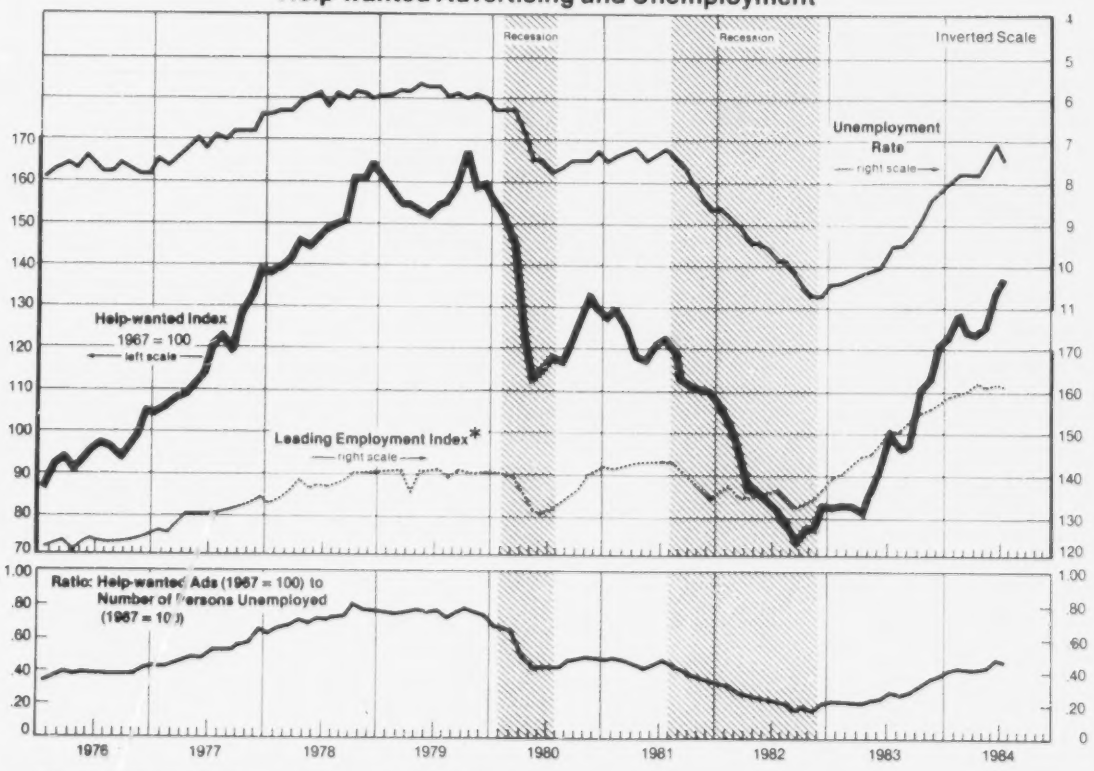
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1984			1983
	June	May	Apr.	June
Total Index 51 papers	134	125	124	92
New England	150	141	137	100
Boston	164	159	155	112
Hartford	149	136	129	89
Providence	103	84	81	67
Middle Atlantic	64	58	58	48
Albany	136	123	120	90
Allentown	161	121	150	113
New York	54	53	50	44
Philadelphia	56	49	52	43
Pittsburgh	57	52	51	46
Rochester	76	63	69	48
Syracuse	110	85	87	69
East North Central	81	73	72r	48
Chicago	101	92	90	47
Cincinnati	107	87	90	71
Cleveland	56	44	48	40
Columbus	105	91	98	74
Dayton	68	59	59	49
Detroit	52	52	53	35
Gary	99	89r	74	85
Indianapolis	87	78	59r	48
Milwaukee	52	43	46	35
Toledo	87	83r	84	65
West North Central	87	75r	75	60
Kansas City	119	97	93	89
Minneapolis	79	70r	71	44
Omaha	115	109	119	86
St. Louis	69	57	57	53
South Atlantic	161	146r	141	110
Atlanta	292	258	259	185
Baltimore	114	104	80	71
Charlotte	139	131	138	89
Jacksonville	197	191	186	155
Miami	81	78	80	71
Richmond	111	96r	86	68
Washington, D.C.	158	142	143	114
East South Central	130	116	120	94
Birmingham	141	126	114	104
Knoxville	181	182	183	139
Louisville	78	65	61	54
Memphis	113	104	99	83
Nashville	168	142	185	116
West South Central	302	282	271	208
Dallas	440	412	367	275
Houston	361	336	339	258
New Orleans	141	141	146	117
Oklahoma City	176	150	153	126
San Antonio	210	210	209	147
Tulsa	174	146	138	132
Mountain	308	296r	281r	188
Denver	213	193r	201r	140
Phoenix	430	416	400	256
Salt Lake City	319	326	270	187
Pacific	181	184	186	133
Los Angeles	143	144	148	104
Sacramento	215	289	297	215
San Bernardino	149	143	192	105
San Diego	385	366	357	251
San Francisco	198	200	185	138
Seattle	178	183	186	153
Percentage of papers with rising volume	82%	45%	45%	29%
Unemployment rate	7.1%	7.5%	7.8%	10.0%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977)
r—revised n.a.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.8	53.5
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0p					

Buying Plans Index

1982	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	66.7	80.5	75.2
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6r	93.1					

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations

CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

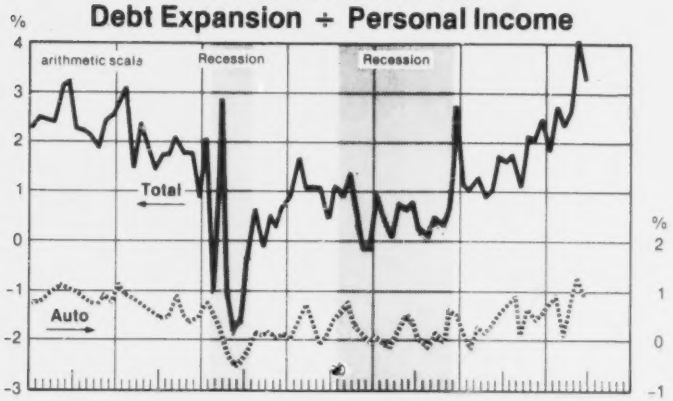
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary Purchasing Power (DPP)	Discretionary Spending (DSP)	Discretionary Saving (DSA)	Ratios (DSP)/(DPP)	Ratios (DSP)/(APP)	Ratios Total Saving/ (APP)	Ratios Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1981	1982	1983	1984
January:	1-10	6.15	5.57	6.21	8.21
	11-20	6.60	5.56	6.17	7.80
	21-31	6.51	5.00	5.44	8.89
February:	1-10	6.49	6.06	5.81	7.74
	11-20	5.56	5.51	4.85	8.40
	21-28(29)	7.76	5.58	5.59	7.00
March:	1-10	7.66	5.25	5.39	7.08
	11-20	9.66	5.45	5.85	7.80
	21-31	5.05	6.19	6.21	7.37
April:	1-10	6.24	5.16	6.82	9.05
	11-20	6.00	6.36	6.76	8.26
	21-30	6.40	5.94	6.71	9.09
May:	1-10	6.13	7.30	7.72	9.68
	11-20	6.52	7.34	7.07	8.70
	21-31	5.94	6.25	7.55	8.99
June:	1-10	6.09	6.10	7.34	7.37
	11-20	5.99	4.68	8.12	9.12
	21-30	6.06	4.94	7.88	8.74
July:	1-10	6.09	4.92	7.16	9.39
	11-20	6.47	5.61	7.42	8.39
	21-31	5.89	5.30	7.37	8.53
August:	1-10	7.31	5.35	7.51	7.45
	11-20	6.98	4.52	5.53	
	21-31	7.49	5.05	5.88	
September:	1-10	6.88	4.93	5.98	
	11-20	5.73	6.54	6.99	
	21-30	6.36	6.19	6.64	
October:	1-10	5.29	5.40	7.78	
	11-20	5.27	5.25	7.40	
	21-31	5.43	5.80	7.31	
November:	1-10	5.71	6.71	7.13	
	11-20	4.72	6.64	6.23	
	21-30	5.64	6.45	7.59	
December:	1-10	5.14	5.83	7.06	
	11-20	4.74	6.43	8.06	
	21-31	5.00	6.41	8.18	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales

Millions of Cars
(Seasonally adjusted at annual rates)
3-Period Moving Average
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1981
1982
1983
1984